REGULATION No. VI OF 1920.

THE MYSORE INCOME-TAX REGULATION.

(Received the assent of His Highness the Maharaja on the 17th day of June 1920.)

Whereas it is expedient to impose a tax on incomes derived from certain sources, His Highness the Maharaja is pleased to enact as follows :—

Short title, extent and commencement.

1. (1) This Regulation may be called the Mysore Income-tax Regulation, 1920;

(2) It extends to the whole of Mysore; and

(3) It shall come into force on the first day of July 1920.

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(1) "Agricultural income" means—

(*a*) Any rent or revenue derived from land which is used for agricultural purposes, and is either assessed to land-revenue or subject to a local rate assessed and collected by officers of Government as such;

(*b*) Any income derived from

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce, or

(*iv*) any building owned and occupied by the receiver or the rent or revenue of any such land as is referred to in clause (*a*), or occupied by the cultivator, or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in sub-clauses (*ii*) and (*iii*) is carried on;

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house or other out-building;

(2) "Assessee" means a person by whom income-tax is payable, and includes a firm and a Hindu undivided family;

(3) "Business" includes any trade, commerce, or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(4) "Chief Revenue-authority" means such authority as Government may declare to be the Chief Revenue-authority for the purposes of this Regulation;

(5) "Collector" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Collector, and means in relation to any assessee carrying on business, the Collector of the place where the principal place of business of such assessee is situate, and in relation to any other assessee the Collector of the place where such assessee resides;

(6) "Commissioner" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Commissioner;

(7) "Company" means a company as defined in the Mysore Companies Regulation, 1917, and includes any foreign association carrying on business in Mysore whether incorporated or not, and whether its principal place of business is situate in Mysore or not, which the Government may, by general or special order, declare to be a company for the purposes of this Regulation;

(8) "Local authority" includes any person legally entitled to the control or management of any municipal or local fund;

(9) "Magistrate" means a Magistrate of the first class, or a Magistrate of the second class specially empowered by Government to try offences against this Regulation;

(10) "Prescribed" means prescribed by rules made under this Regulation;

(11) "Previous year" means the twelve months ending on the 30th day of June next preceding the year for which the assessment is to be made, or, if the accounts of the assessee have been made up within the said twelve months in respect of a year ending on any date other than the said 30th day of June, then at the option of the assessee the year ending on the day on which his accounts have so been made up;

N.B.—The numbering of chapters and sections of the Government of India Act, 1918, is adopted for convenience of reference.

Provided that, if this option has once been exercised by the assessee, it shall not again be exercised so as to vary the meaning of the expression "previous year" as then applicable to such assessee, except with the consent of the Collector and upon such conditions as he may think fit;

(12) "Principal officer", used with reference to a local authority or a company, or any other public body or association not being a local authority or company, means—

(a) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(b) any person connected with the authority, company, body or association upon whom the Collector has served a notice of his intention of treating him as the principal officer thereof; and

*(12A) "Registered firm" means a firm constituted under an instrument of partnership specifying the individual shares of the partners of which the prescried particulars have been registered with the Collector in the prescribed manner.

(13) "Total income" means total income from all sources to which this Regulation applies.

CHAPTER I.

TAXABLE INCOME.

Application of Regulation.

3. (1) Save as hereinafter provided, this Regulation shall apply to all income from whatever source it is derived, if it accrues or arises or is received in Mysore or is, under the provisions of this Regulation, deemed to accrue or arise or to be received in Mysore.

(2) This Regulation shall not apply to the following classes of income:—

(i) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto.

(ii) Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes.

(iii) The income of local authorities.

(iv) Interest on securities which are held by, or are the property of, any Provident Fund to which the Provident Funds Regulation, 1916, applies.

(v) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of a subscriber to any such Provident Fund.

(vi) Any special allowance, benefit or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(vii) Legacies.

(viii) Any receipts not being receipts arising from business or the exercise of a profession, vocation, or occupation, which are of a casual and non-recurring nature, or are not by way of addition to the remuneration of an employee.

(ix) Any perquisite or benefit which is neither money nor reasonably capable of being converted into money.

(x) Interest received on any security of the Government of India.

In this sub-section "charitable purpose" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility.

Agricultural income.

4. Agricultural income shall not be chargeable to income-tax; nor shall it be taken into consideration in calculating the amount of income according to which the rate of tax is to be fixed.

Classes of income chargeable to income-tax.

5. Save as otherwise provided by this Regulation the following classes of income shall be chargeable to income-tax in the manner hereinafter appearing, namely—

(i) Salaries.

(ii) Interest on securities.

(iii) Income derived from house property.

(iv) Income derived from business.

(v) Professional earnings.

(vi) Income derived from other sources.

Salaries

6. (1) The tax shall be payable by an assessee under the head "Salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits received by him

*Adopted from the Government of India amending Act XVII of 1920.

in lieu of, or in addition to, any salary or wages, which are paid by or on behalf of Government, a local authority, a company, or any other public body or association not being a local authority or company, or by or on behalf of any private employer where such employer has entered into an agreement with the Collector in accordance with the prescribed conditions to recover the tax on behalf of Government, provided that the tax shall not be payable in respect of any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making provision for his wife or children, provided that the sum so deducted shall not exceed one-sixth of the salary.

(2) Any income which would be chargeable under this head if paid in Mysore shall be deemed to be so chargeable if paid to a Mysore subject or any employee of the Government of Mysore in any part of India by Government or by a local authority established by Government.

Interest on securities.

7. The tax shall be payable by an assessee under the head "Interest on securities" in respect of the interest receivable by him on any security of the Government of His Highness the Maharaja, or on debentures or other securities for money issued by or on behalf of a local authority or a company;

Provided that no tax shall be payable on the interest receivable on any security of the Government of His Highness the Maharaja, issued or declared to be income-tax free.

Income derived from house property.

8. The tax shall be payable by an assessee under the head "Income derived from house property" in respect of the *bona fide* annual value of any house property of which he is the owner, subject to the following allowances, namely:—

(*i*) where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of such value;

(*ii*) where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to but not exceeding one-sixth of such value;

(*iii*) the amount of any annual premium paid to insure the property against risk of damage or destruction;

(*iv*) where the property is subject to a mortgage or charge or to a ground rent, the amount of any interest on such mortgage or charge or of any such ground-rent;

(*v*) any sums paid on account of land revenue or local rate or Municipal taxes in respect of the property;

(*vi*) in respect of collection charges, a sum not exceeding the prescribed maximum;

(*vii*) in respect of vacancies, such sum as the Collector may determine having regard to the circumstances of the case.

For the purposes of this section and section 9, the expression "annual value" shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year;

Provided that, where house property is in the occupation of the owner, such sum shall, for the purposes of this section, be deemed not to exceed ten per cent of the aggregate income of the owner.

Income derived from business.

9. (1) The tax shall be payable by an assessee under the head "Income derived from business" in respect of the profits of any business carried on by him.

(2) Such profits shall be computed after making the following allowances, in respect of sums paid, or, in the case of depreciation, debited, namely:—

(*i*) any rent paid for the premises in which such business is carried on, or where the premises are owned by the assessee the *bona fide* annual value thereof, provided that when any substantial part of the premises is used as a dwelling-house by the assessee, the allowance under this clause shall be such sum as the Collector may determine having regard to the proportional parts so used;

(*ii*) in respect of repairs, where the assessee is the tenant only of the premises, and has undertaken to bear the cost of such repairs, the amount actually expended thereon provided that if any substantial part of the premises is used by the assessee as a dwelling-house, a proportional part only of such amount shall be allowed;

(*iii*) in respect of capital borrowed for the purposes of the business, where the payment of interest thereon is not in any way dependent on the earning of profits, the amount of the interest paid.

(iv) in respect of insurance against risk of damage or destruction of buildings, machinery or plant, used for the purposes of the business, the amount of any premium paid;

(v) in respect of current repairs to buildings, machinery or plant, the amount actually expended thereon;

(vi) in respect of depreciation of such buildings, machinery or plant being the property of the assessee, a sum not exceeding a percentage on the original cost thereof to the assessee to be fixed, subject to the approval of Government, for different classes of buildings, machinery or plant having regard to the estimated life thereof, in determining which it shall be assumed that current repairs are executed from time to time;

Provided that—

(a) no such allowance shall be made unless the amount claimed has actually been debited in the ordinary accounts of the business for the previous year, and the prescribed particulars have been duly furnished;

(b) when in any year the full allowance admissible has not been claimed, the balance may be added to the allowance made for the following year or years;

(c) the aggregate of the allowances made under this sub-head shall, in no case, exceed the original cost to the assessee of the buildings, machinery or plant, as the case may be;

(vii) in respect of any machinery or plant which has been sold or discarded as obsolete, the difference between the original cost to the assessee of the machinery or plant as reduced by the aggregate of the allowances made in respect of depreciation under clause (vi), and the amount for which the machinery or plant is actually sold, or its scrap value;

(viii) any sums paid on account of land revenue, local rates or municipal taxes in respect of the premises;

(ix) in respect of any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning such profits.

(3) In computing the profits of a business which has its head-quarters in Mysore but has branches also in British India, or which is carried on partly in Mysore and partly in British India, a deduction shall be allowed of the amount of profits appearing to the assessing officer to be due to the transactions carried on in British India.

Professional earnings.

10. (1) The tax shall be payable by an assessee under the head "Professional earnings" in respect of the profits of any profession, or vocation, followed by him.

(2) Such profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee.

(3) Professional fees paid in any part of India to a person ordinarily resident in Mysore shall be deemed to be income chargeable under this head.

Income derived from other sources.

11. (1) The tax shall be payable by an assessee under the head "Income derived from other sources" in respect of income and profits of every kind and from every source to which this Regulation applies (if not included under any of the preceding heads) with the exception of agricultural income.

(2) Such income and profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of making such income or earning such profits, provided that no allowance shall be made on account of any personal expenses of the assessee.

Exclusions of a general nature.

12. (1) In computing the amount of the income chargeable to income-tax in the case of an assessee under any of the foregoing heads, no account shall be taken of any income which the assessee enjoys as a member of a company or of a firm or of an undivided Hindu family where the company, the firm or the family is liable to the tax.

(2) There shall also be excluded from the computation any sum paid by the assessee to effect an insurance on his own life, or on the life of his wife, or in respect of a contract for a deferred annuity on his own life or on the life of his wife, or as a contribution to any provident fund to which the Provident Funds Regulation, 1916, applies;

Provided that the aggregate of any sums so excluded shall not, after taking into account any exemptions allowed in respect of like provision under the head "Salaries," exceed one-sixth of the income of the assessee which would, apart from such exclusion and exemption, be chargeable to income-tax.

Treatment of exemptions and exclusions in determining total income.

13. In computing the total income of an assessee for the purposes of Schedule I, deductions exempted under the proviso to section 6 (1), income mentioned in section 12 (1), and sums excluded under section 12 (2), shall be taken into account.

Taxable income and levy of tax thereon.

14. (1) The aggregate amount of an assessee's income chargeable under each of the heads mentioned in sections 6 to 11 shall be the taxable income of the assessee.

(2) Subject to the conditions hereinbefore set out, there shall be levied in respect of the year beginning with the first day of July and in respect of each subsequent year, by collection in that year and subsequent adjustment as hereinafter provided, income-tax upon every assessee in respect of his taxable income in that year at the rate specified in Schedule I;

Provided that, where the assessee is a company or a registered firm and the taxable income of such company or firm is two thousand four hundred rupees or upwards, income-tax shall be levied at the maximum rate specified in Schedule I.

Reduction of tax when margin above a certain limit is small.

*14A. (1) Where owing to the fact that the total income of any person has reached or exceeded a certain limit, he is liable to pay income-tax at a higher rate, the amount of income-tax payable by him shall, where necessary, be reduced so as not to exceed the aggregate of the following amounts, namely:—

(a) the amount which would have been payable if his total income had been a sum less by one rupee than that limit, and

(b) the amount by which his total income exceeds that sum.

(2) The income-tax payable by any person shall in no case exceed the amount by which his taxable income is greater than Rs. 2,400.

CHAPTER II.

DEDUCTIONS AND ASSESSMENT.

Payment.

15. (1) Income-tax shall, unless otherwise prescribed in the case of any security of the Government of His Highness the Maharaja of Mysore, be deducted at the time of payment in respect of income chargeable under the following heads:—

(i) "Salaries": and

(ii) "Interest on securities."

(2) An employer or other person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the rate specified in Schedule I in respect of such amount, provided that, if the payment is a recurring one and in respect of any period less than a year, the rate shall be determined with reference to the amount which would be proportionately payable in a year. The deduction so made shall be treated as a payment of income-tax on behalf of the person from whose earnings the deduction was made, and credit shall be given to him therefor in the next adjustment under section 19.

(3) The person responsible for paying any income chargeable under the head "Interest on securities" shall, at the time of payment, deduct income-tax on the amount of the interest payable at the maximum rate specified in Schedule I. The deduction so made shall be treated as payment of income-tax on behalf of the owner of the security, and credit shall be given to him therefor in the next adjustment under section 19;

Provided that, if the owner of the security obtains a refund of any portion of the tax so deducted in accordance with the provisions of this Regulation no credit shall be given for the amount of such refund.

(4) All sums deducted in accordance with the provisions of sub-section (2) or (3) shall be paid within the prescribed time by the person making the deduction to the credit of Government or as the Government directs.

(5) If any such person does not deduct and pay the tax as required by this section, he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax.

(6) The power to deduct under this section shall be without prejudice to any other mode of recovery.

(7) In the case of income chargeable under any other head than those abovementioned, the tax shall be payable by the assessee direct; and shall be the amount assessed under this Regulation subject to such adjustment as aforesaid.

Annual return.

16. The prescribed person in the case of every Government office, and the principal officer of every local authority, and of every company, and of every other public body or association not being a local authority or company, and every private employer who has agreed to recover income-tax on behalf

* Adopted from the Government of India amending Act XVII of 1920.

of Government shall prepare, and within fifteen days from the 30th day of June in each year, deliver or cause to be delivered to the Collector, in the prescribed form a return in writing showing:—

(*a*) the name and, so far as it is known, the address of every person who was receiving on the said 30th day of June, or has received during the year ending on that date, from the authority, company, body, association or private employer, as the case may be, any income chargeable under the head "Salaries" of such amount as may be prescribed not being less than one thousand four hundred and forty rupees per annum;

(*b*) the amount of the income so received by each such person, and the time or times at which the same was paid;

(*c*) the amount deducted in respect of income-tax from each such person.

Return by assessees.

17. (1) The principal officer of every company shall prepare, and, on or before the fifteenth day of September in each year, deliver or cause to be delivered to the Collector a return in the prescribed form and verified in the prescribed manner of the total income of the company during the previous year:

Provided that the Collector may, in his discretion, extend the date for the delivery of the return in the case of any company or class of companies.

(2) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, the Collector shall serve a notice upon him requiring him to furnish, within such period as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total income during the previous year.

Assessment.

18. (1) If the Collector is satisfied that a return made under section 17 is correct and complete, he shall assess the sum payable by the assessee for the year in which the return is made on the basis of such return.

(2) If the Collector has reason to believe that a return made under section 17 is incorrect or incomplete, he shall serve on the person who made the return a notice requiring him, on a date to be therein mentioned, either to attend at the Collector's office and produce, or to cause to be there produced for the inspection of the Collector, such accounts and documents as the Collector may require and any evidence on which the assessee may rely in support of the return.

(3) On the day specified in the notice, or as soon afterwards as may be, the Collector, after examining such accounts and documents, and hearing any evidence which the assessee may produce and such other evidence as the Collector may require, shall, by an order, in writing, determine the total income of the assessee for the previous year, and assess the sum payable by the assessee for the year in which the return is made on the basis of such determination.

(4) If the principal officer of any company or any other person fails to make a return under section 17 (1) or (2), as the case may be, or having made a return, fails to attend or fails to comply substantially with all the terms of a notice issued under section 18, sub-section (2), the Collector shall make the assessment to the best of his judgment.

(5) The sum to be assessed in every case shall be a sum calculated on the aggregate of the assessee's income in the previous year chargeable under each of the heads mentioned in sections 8 to 11 at the rate applicable to his total income in that year.

Adjustment with actual income when ascertained.

19. When the Collector has, in any year after the commencement of this Regulation for which income-tax is leviable under section 14 (2), ascertained, either from the return made by an assessee or after further inquiry, the total income actually received by or accrued to the assessee in the previous year, he shall compute the income-tax which would have been payable in respect thereof if it had been levied in such previous year with reference to the amount of the income so ascertained and the law then in force; and the difference between the sum so computed and the aggregate of the sums already paid by or on behalf of the assessee in respect of income-tax for such previous year, shall be paid by or refunded to the assessee, as the case may be:

Provided that it shall be competent to—

(*a*) an assessee; or

(*b*) in the case of the death or insolvency of an assessee, his representative in interest; or

(*c*) with reference to any year for which income-tax is leviable under section 14 (2), the Collector;

in any year to claim an immediate adjustment to date of the sums already paid by or on behalf of an assessee in that year, upon the basis of the total income actually received by or

accrued to him in that year; and upon such claim being made, all the provisions of this chapter shall apply, so far as may be necessary, for the determination of the proper sum to be paid by or refunded to the assessee or his representative in interest in respect of income-tax down to the date of such determination, and the same shall be paid or refunded accordingly.

Notice of demand.

20. When the Collector has determined a sum to be payable by an assessee under either section 18 or section 19, he shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

Petition against assessment under this Regulation.

21. (1) Any assessee objecting to the amount or rate at which he is assessed under section 18 or to an adjustment made under section 19, or denying his liability to be assessed under this Regulation may, unless he or, in the case of a company, the principal officer thereof, has knowingly and wilfully failed to make a return under section 17, or substantially to comply with all the terms of a notice served on him under section 18, apply by petition to the Commissioner for relief against any order of the Collector in respect of such assessment or adjustment.

(2) The petition shall ordinarily be presented within thirty days of receipt of the notice of demand; but the Commissioner may receive a petition after the expiration of that period, if he is satisfied that the objector had sufficient cause for not presenting it within that period.

(3) The petition shall be in the prescribed form and verified in the prescribed manner.

Hearing of petition.

22. The Commissioner shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place, if any, to which he has adjourned the hearing, shall hear the petition and pass such order thereon, whether by way of confirmation, reduction, enhancement or cancellation of the assessment, or adjustment or otherwise and fixing such time for payment, as he thinks fit.

Power of review.

23. The Chief Revenue authority may call for the record of any assessment proceeding which has been taken by any officer subordinate to it, and make such inquiry and pass such orders thereon as it thinks fit;

Provided that it shall not pass any order enhancing the sum payable by an assessee without hearing him or giving him a reasonable opportunity of being heard either in person or by pleader.

Penal assessment.

24. If the Collector or the Commissioner in making any assessment or adjustment under this chapter is satisfied that the assessee has concealed the particulars of his income, or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, the Collector or the Commissioner may direct that the assessee shall pay, on the difference between his income as finally ascertained and the amount originally returned by him, income-tax at a rate not exceeding double the rate which would otherwise have been payable:

Provided that no such order shall be made, unless the assessee has been heard, or has been given a reasonable opportunity of being heard;

Provided further that no prosecution for an offence against this Regulation shall be instituted in respect of the same facts on which a penal assessment is made under this section.

Income escaping assessment assessable in following year.

25. If for any reason income chargeable under this Regulation has escaped assessment in any year, or has been assessed at too low a rate, the Collector may at any time in the year next following assess or re-assess such income, and all the provisions of this Regulation shall apply accordingly.

Rectification of mistake.

26. The Collector may, at any time within one year from the date of any demand made upon an assessee, rectify any mistake in connection therewith which has been brought to his notice by such assessee, and make a refund to such assessee in respect thereof.

Power to take evidence on oath, etc.

27. The Collector or Commissioner shall, for the purposes of any inquiry under this chapter, have the same powers as are vested in a Court under the Code of Civil Procedure, 1911, when trying a suit in respect of the following matters:—

(a) enforcing the attendance of any person and examining him on oath or affirmation;
(b) compelling the production of documents; and
(c) issuing commissions for the examination of witnesses;

and any proceeding before a Collector or Commissioner under this chapter shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code.

28. The Collector or Commissioner may, for the purposes of this Regulation—

Power to call for information.

(1) require any person to furnish a return, in the prescribed form, containing, to the best of his belief, the name and address of every person employed in his service

who is receiving in virtue of such employment any income not chargeable under the head "Salaries," of such amount as may be prescribed, not being less than one thousand four hundred and forty rupees per annum;

(2) require any firm or Hindu undivided family to furnish him with a return of the partners in the firm, or the adult male members of the family, as the case may be, and of their addresses;

(3) require any person whom he has reason to believe to be a trustee, guardian, or agent to furnish him with a return of the names of the persons for or of whom he is trustee, guardian, or agent, and of their addresses.

Power to inspect the register of members of any company.

29. The Collector or Commissioner, or any person authorised in writing in this behalf by the Collector or Commissioner, may inspect, and, if necessary, take copies or cause copies to be taken of the register of members of any company or of any entry in such register.

CHAPTER IV.*

LIABILITY IN SPECIAL CASES.

Guardians, trustees and agents.

31. In the case of any guardian, trustee or agent of any person being a minor, lunatic or idiot or residing out of Mysore (all of which persons are hereinafter in this section included in the term beneficiary) being in receipt on behalf of such beneficiary of any income chargeable under this Regulation, the tax shall be levied upon and recoverable from such guardian, trustee or agent, as the case may be, in like manner and to the same amount as it would be leviable upon and recoverable from any such beneficiary if of full age, sound mind, or resident in Mysore, and in direct receipt of such income, and all the provisions of this Regulation shall apply accordingly.

Administrator-General of Madras, Receiver or Manager.

32. In the case of income chargeable under this Regulation which is received by the Administrator-General, Madras, under Regulation IV of 1910 or by any receiver or manager (including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court, the tax shall be levied upon and recoverable from such Administrator-General, receiver or manager in like manner and to the same amount as it would be leviable upon and recoverable from any person on whose behalf such income is received, and all the provisions of this Regulation shall apply accordingly.

Non-residents.

33. (1) In the case of any person residing out of Mysore, all profits or gains accruing or arising to such person, whether directly or indirectly, through, or from any business connection in Mysore, shall be deemed to be income accruing or arising within Mysore, and shall be chargeable to income-tax in the name of the agent of any such person, and such agent shall be deemed to be for all the purposes of this Regulation the assessee in respect of such income-tax;

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Regulation from any assets of the non-resident person which are, or may at any time come, within Mysore.

(2) Where a person not resident in Mysore and not being a British subject or a subject of His Highness the Maharaja or a firm or company constituted within His Majesty's dominion or the Mysore State, or a branch thereof, carries on business with a person resident in Mysore, and it appears to the Collector or the Commissioner, as the case may be, that owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom or which may reasonably be deemed to have been derived therefrom, shall be chargeable to income-tax in the name of the resident person who shall be deemed to be, for all the purposes of this Regulation, the assessee in respect of such income-tax.

Agent to include persons treated as such.

34. Any person employed by or on behalf of a person residing out of Mysore, or having any business connection with such person, upon whom the Collector has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall for the purposes of this Regulation, be deemed to be such agent;

Provided that no person shall be deemed to be the agent of a non-resident person, unless he has had an opportunity of being heard by the Collector as to his liability.

* Chapter III (Section 30) of the Government of India Act VII of 1916, has been repealed by the amending Act IV of 1919 and hence it is omitted in this Regulation.

CHAPTER V.

RECOVERY OF TAX.

Tax when payable.

35. The amount of income-tax specified as payable in a notice of demand under section 20 or an order under section 22, section 23, or section 24, shall be paid within the time, at the place and to the person mentioned in the notice or order, or if a time is not so mentioned, then on or before the first day of the second month following the date of the notice or order, and any assessee failing so to pay shall be deemed to be in default, provided that, when an assessee has presented a petition under section 21, the Collector may, in his discretion, treat the assessee as not being in default as long as such petition is undisposed of.

Mode and time of recovery.

36. (1). When an assessee is in default in making a payment of income-tax, the Collector, in his discretion, may recover from him a sum not exceeding double the amount of the tax, either as if it were an arrear of land revenue, or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of Mysore.

(2) If any assessee is in receipt of any income chargeable under the head "Salaries," the Collector may require any person paying the same to deduct from any payment subsequent to the date of such requisition any sum recoverable under sub-section (1), and such person shall comply with any such requisition and shall pay the sums so deducted to the credit of Government, or as Government directs.

(3) Government may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (1) for the recovery of income-tax.

(4) Government may direct, with respect to any specified area, that income-tax shall be recovered therein, with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(5) Save in accordance with the provisions of section 33 (1), no proceedings for the recovery of any sum payable under this Regulation shall be commenced after the expiration of one year from the last day of the year in which any demand is made under this Regulation.

CHAPTER VI.

REFUNDS TO SHAREHOLDERS AND OTHERS.

Refund to individual shareholders, partners and owners of securities.

37. If—

(*a*) a shareholder in a company who has received any dividend from the company; or

(*b*) a partner in a firm on which income-tax has been levied at the maximum rate, in accordance with the proviso to section 14, who has received a share of the profits of the firm; or

(*c*) the owner of a security from the interest on which income-tax has been deducted in accordance with the provisions of section 15;

satisfies the Collector that his total income in the previous year was less than any one, as the case may be, of the amounts specified in Schedule II, he shall be entitled to a refund of a sum calculated on such dividend, share of profits or interest at the rates specified in the same Schedule against each such amount.

Limitation of claims for refund.

38. No claim to any refund under section 37 shall be allowed, unless it is made within one year from the last day of the year to which the claim relates.

CHAPTER VII.

OFFENCES AND PENALTIES.

Failure to make payments or deliver returns or statements or allow inspection.

39. If a person fails without reasonable cause or excuse—

(*a*) to deduct and pay any tax as required by section 15 or under section 36 (2);

(*b*) to deliver or cause to be delivered to the Collector in due time any of the returns mentioned in section 16, section 17, or section 28;

(*c*) to grant inspection or allow copies to be taken in accordance with the provisions of section 29;

(*d*) to attend or to produce, or cause to be produced, on or before the date mentioned in a notice under section 18, such accounts and documents as are referred to in the notice;

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

False statement in declaration.

40. If a person makes a statement in a verification mentioned in section 17 or section 21 (3) which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code.

Prosecution to be at instance of Collector.

41. (1) A person shall not be proceeded against for an offence under section 39 or section 40 except at the instance of the Collector specially empowered by Government in this behalf.

(2) The Collector may stay any such proceeding or compound any such offence.

Disclosure of information by public servant.

42. All particulars contained in any statement or return made or furnished under the provisions of this Regulation shall be treated as confidential, and if a public servant discloses any particulars contained in any statement or return made or furnished under this Regulation he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine;

Provided that no prosecution shall be instituted under this section, except with the previous sanction of Government.

CHAPTER VIII.

MISCELLANEOUS.

Power to make rules.

43. (1) The Government may make rules for carrying out the purposes of this Regulation and for the ascertainment and determination of any class of income.

(2) Without prejudice to the generality of the foregoing power, such rules may—

(a) When income is derived in part from agriculture and in part from business, prescribe the manner, whether with reference to a class or in particular cases, by which the taxable income shall be arrived at;

(b) prescribe the manner in which, and the procedure by which, the taxable income of Insurance Companies shall be arrived at;

(c) prescribe the manner in which and the procedure by which the taxable income of persons not resident in Mysore, or of persons deemed to be assessees in respect thereof, shall be arrived at;

(d) provide for a system of composition of assessments and prescribe the conditions under which the Collector may enter into composition with assessees as to their assessment;

(e) prescribe the procedure to be followed on applications for refunds;

(f) provide for any matter which by this Regulation is to be prescribed.

(3) Rules made under this section shall be published in the *Mysore Gazette*, and shall thereupon have effect as if enacted in this Regulation.

Power to make exemptions, etc.

44. The Government may, by notification in the *Mysore Gazette*, make an exemption, reduction in rate or other modification, in respect of income-tax in favour of any class of income, or in regard to the whole or any part of the income of any class of persons.

Receipts and their contents.

45. When any money is paid under this Regulation to the Collector, or is recovered thereunder by him, he shall give a receipt for the same, specifying the prescribed particulars.

Service of notices.

46. A notice or requisition under this Regulation may be served on the person therein named, either by post, or by the delivery or tender to him of a copy of the notice or requisition in the manner provided by the Code of Civil Procedure, 1911, for the service of summons.

Power to declare principal places of business.

47. (1) When an assessee has several places of business in Mysore, Government may declare which of them shall, for the purposes of this Regulation, be deemed to be his principal place of business.

(2) The powers given by this section may be delegated to, and exercised by, such officers as the Government may appoint in this behalf.

Indemnity.

48. Every person deducting, retaining or paying any tax in pursuance of this Regulation in respect of income belonging to another person is hereby indemnified for the deduction, retention or payment thereof.

Powers exercisable from time to time.

49. All powers conferred by, or conferable under, this Regulation may be exercised from time to time as occasion requires.

Delegation of certain powers of Government.

50. Government may, by notification in the *Mysore Gazette*, delegate to the Chief Revenue-authority all or any of the powers conferred on it by this Regulation for the appointment of officers to exercise or perform the powers or duties of Collectors or Commissioners, and all or any of the powers conferred on it by section 36 and the proviso to section 42.

Statement of case by Chief Revenue-authority to Chief Court.

51. (1) If, in the course of any assessment under this Regulation or any proceeding in connection therewith other than a proceeding under Chapter VII a question has arisen with reference to the interpretation of any of the provisions of this Regulation or of any rule thereunder, the Chief Revenue-authority may, either on its own motion or on reference from any Revenue officer subordinate to it, draw up a statement of the case, and refer it, with its own opinion thereon, to the Chief Court, and shall so refer any such question on the application of the assessee, unless it is satisfied that the application is frivolous or that a reference is unnecessary.

(2) If the Chief Court is not satisfied that the statements contained in the case are sufficient to enable it to determine the questions raised thereby, the Court may refer the case back to the Revenue authority by which it was stated, to make such additions thereto, or alterations therein, as the Court may direct in that behalf.

(3) The Chief Court upon the hearing of any such case shall decide the questions raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Revenue-authority by which the case was stated a copy of such judgment under the seal of the Court and the signature of the Registrar; and the Revenue-authority shall dispose of the case accordingly, or, if the case arose on reference from any Revenue officer subordinate to it, shall forward a copy of such judgment to such officer who shall dispose of the case conformably to such judgment.

(4) Where a reference is made to the Chief Court on the application of an assessee, costs shall be in the discretion of the Court.

Bar of suits in Civil Court.

52. No suit shall be brought in any Civil Court to set aside or modify any assessment made under this Regulation, and no prosecution, suit or other proceeding shall lie against any Government Officer for anything in good faith done or intended to be done under this Regulation.

M. KANTARAJ URS,
Dewan.

SCHEDULE No. I.

RATES OF TAX.

	Rate.
When the Taxable income is less than Rs. 2,400	Nil.
Do do Rs. 2,400 or upwards—	
(i) when total income is Rs. 2,400 or upwards but is less than Rs. 9,000	3 pies in the rupee.
(ii) when total income is Rs. 9,000 or upwards but is less than Rs. 25,000	4½ do
(iii) when total income is Rs. 25,000 or upwards but is less than Rs. 50,000	6 do
(iv) when total income is Rs. 50,000 or upwards but is less than Rs. 75,000	9 do
(v) when total income is Rs. 75,000 or upwards	1 anna in the rupee.

SCHEDULE II.

RATES OF REFUND.

Amount.			*Refund.*
(i) Less than Rs. 2,400			1 anna in the rupee.
(ii) Rs. 2,400 or upwards but less than Rs.	9,000		9 pies in the rupee.
(iii) Rs. 9,000	do	Rs. 25,000	7½ do.
(iv) Rs. 25,000	do	Rs. 50,000	6 do
(v) Rs. 50,000	do	Rs. 75,000	2 do